

MEMORANDUM



The
**Long Beach
Housing
Development
Company**

DATE: March 17, 2010

TO: Board of Directors
The Long Beach Housing Development Company

FROM: *Ellie Tolentino*
Ellie Tolentino, Vice President

SUBJECT: Upcoming Items and Significant Issues

Neighborhood Stabilization Program (NSP2)

On January 14, 2010, HUD Secretary Shaun Donovan announced the award of a \$22,249,980 NSP2 Grant to the City of Long Beach. This was a nationwide competitive grant for NSP funds available from the Recovery Act of 2009 for use in the stabilization of neighborhoods hard hit by the foreclosure crisis. Our goal is to provide second mortgage assistance and code-related rehabilitation loans to 86 low-, and moderate-income first-time homebuyers who purchase vacant, foreclosed properties. Additionally, in partnership with Habitat for Humanity, these funds will be used to purchase, and rehabilitate 25 vacant, foreclosed properties for resale to very-low income first-time homebuyers.

On March 9, 2010, City Council authorized the City Manager to accept the grant award and enter into a consortium agreement with Habitat for Humanity.

Neighborhood Services and Housing Services Bureau staff continue to meet to design the program parameters and administration guidelines. NSP2 roll-out is anticipated within the next 60 days.

Neighborhood Stabilization Program (NSP1)

The City has acquired eight single-family homes and one 12-unit residential building. Rehabilitation of the single-family properties commenced in September 2009. Two homes have been completed and are being purchased by our Second Mortgage Assistance Program (SMAP) applicants. Upon completion of the rehabilitation on the other six homes, they will be marketed and sold to eligible first-time homebuyers from the LBHDC's SMAP, and the Housing Authority's Family Self Sufficiency Program waiting lists. The multifamily property will be rehabilitated and transferred to a nonprofit and managed as a rental project for very-low income households. The City continues to look for additional foreclosed single-family properties to purchase, rehabilitate and resell to income-qualified first-time homebuyers.

**MAKING
AFFORDABLE
HOUSING
HAPPEN**

AGENDA ITEM NO. 13C

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Second Mortgage Assistance Program

As of January 14, 2010, the LBHDC has provided \$9,272,890 in second mortgage assistance loans to 53 income-qualified first-time homebuyers. An additional \$558,000 has been reserved for 3 SMAP applicants with homes in escrow. This brings the total number of SMAP assisted first-time homebuyers to 56, at an investment of \$9.8 million.

With the addition of \$2 million to the SMAP budget in FY10, \$4.1 million is available to fund additional loans. Subsequently, additional households on the waiting list will be provided with an opportunity to purchase a home with SMAP assistance upon completion of an eligibility recertification. In accordance with State law, first-time homebuyer assistance program applicants must update their eligibility certification every six-months to maintain their approved status.

ET: pp